

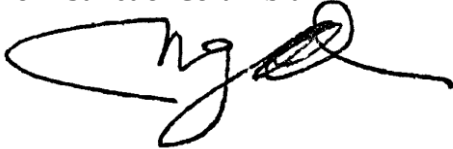
Government of the District of Columbia  
Office of the Chief Financial Officer



**Natwar M. Gandhi**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Philip H. Mendelson  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi  
Chief Financial Officer 

**DATE:** October 9, 2012

**SUBJECT:** Fiscal Impact Statement – “Omnibus Alcoholic Beverage Regulation Amendment Act of 2012”

**REFERENCE:** Bill 19-824– Draft Committee Print Shared with the Office of Revenue Analysis on October 4, 2012

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**Conclusion**

Funds are sufficient in the FY 2013 through FY 2016 budget and financial plan to implement the bill.

**Background**

The bill amends the District’s laws and regulations on the sale of alcoholic beverages. Most notably, it permits off-premises alcohol sales on Sundays by Class A<sup>1</sup> retailers, creates a permit for wine pubs, and adds or modifies fees. Additionally, the bill adds or modifies requirements and responsibilities for alcoholic beverage licensees, changes technical definitions, and establishes new license violations. The bill also assigns several roles<sup>2</sup> to the Alcoholic Beverage Regulation Administration (ABRA), some of which it is already performing.

**Financial Plan Impact**

Funds are sufficient in the FY 2013 through FY 2016 budget and financial plan to implement the bill.

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<sup>1</sup> As defined in D.C. Official Code § 25-112.

<sup>2</sup> Among the roles, the bill requires ABRA to: provide a new licensee orientation class for free; provide notice of license applications to registered citizen associations, investigate licensees before taking summary action after an assault; and maintain a noise complaint tracking program.

The Honorable Philip H. Mendelson

FIS: Bill 19-824, "Omnibus Alcoholic Beverage Regulation Amendment Act of 2012" Draft committee print shared with the Office of Revenue Analysis on October 4, 2012

The bill permits Class A licensee alcohol sales on Sundays, which is expected to result in a positive impact to local fund revenues of \$710,000 annually. The bill directs this increased revenue to support ABRA's reimbursable detail subsidy program.<sup>3</sup>

The bill creates new permits and fees (a new wine pub permit fee, a new fee for licenses under safekeeping, and an increase in stipulated license fees), and increases others, which are expected to generate negligible revenue for ABRA's administration fund ("Fund").<sup>4</sup> The bill also creates a new class of off-premises license<sup>5</sup>, and expands the types of establishments that can apply to have a brew pub, which could generate additional fee revenue. The bill also eliminates one fee<sup>6</sup>.

The bill allows for sale of growlers<sup>7</sup> at full service grocery stores and brew pubs. Estimating impact of this provision on alcohol sales tax revenue is difficult, as it is unclear if this would increase sales or replace sales already being made in different sized containers.

The bill creates or changes several technical definitions<sup>8</sup>, violations<sup>9</sup>, and licensee rules and requirements, but none are expected to have a fiscal impact.

Lastly, the bill amends the D.C. Official Code to require on-premises licensed businesses that are located near residences to build out their space to meet certain soundproofing specifications. While these rules could increase costs for these businesses, there is no fiscal impact to the District's budget and financial plan.

<b>Estimated Fiscal Impact of Bill 19-824 "Omnibus Alcoholic Beverage Regulation Amendment Act of 2012"</b>					
<b>FY 2013 through FY 2016</b>					
	<b>FY 2013<sup>1</sup></b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>Four Year Total</b>
Local fund revenue from Sunday sales	\$355,000	\$710,000	\$710,000	\$710,000	\$2,485,000
Revenue directed to the Reimbursable Subsidy Detail Program	(\$355,000)	(\$710,000)	(\$710,000)	(\$710,000)	(\$2,840,000)
Net Fiscal Impact on Local Funds	\$0	\$0	\$0	\$0	\$0

**Table note**

<sup>1</sup>The estimate assumes that the bill will be in effect and implemented by March 2013.

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<sup>3</sup> Reimbursable Detail Subsidy Program, 23 DCMR § 718.

<sup>4</sup> As defined in D.C. Official Code § 25-112.

<sup>5</sup> The bill allows Class B licenses to be issued to establishments with alcohol sales under 25 percent of the businesses total sales.

<sup>6</sup> The bill eliminates the requirement for on-premises licensees to register for an extra hour of sales due to daylight savings time. This \$200 registration fee will be eliminated.

<sup>7</sup> Growlers are a common term for large (typically 64 ounce) ceramic jugs of draft beer.

<sup>8</sup> The bill defines or modifies the definition of "miniature," "overconcentration," and what constitutes a nude performance. The bill also increases the definition of wine to include alcohol concentrations of 15 percent per volume, a common concentration for table wines.

<sup>9</sup> The bill establishes a primary tier violation if a licensee serves alcohol on a suspended license and a secondary tier violation if a licensee knowingly allows patrons to leave with an open alcohol container. It also sets minimum consequences for the fourth violation of a primary tier offense.